



ARIZONA STATE SENATE
Fifty-Third Legislature, Second Regular Session

AMENDED
FACT SHEET FOR H.C.R. 2017

~~supporting nuclear energy~~
(NOW: renewable energy standards; corporation commission)

Purpose

Subject to voter approval, amends the Arizona Constitution to require affected utilities to generate at least 50 percent of their annual electricity sales from renewable energy sources by 2030. Requires the Arizona Corporation Commission (ACC) to evaluate specific factors to determine whether to implement the renewable energy requirements.

Background

The ACC, established by Article XV of the Arizona Constitution, has the authority to prescribe just and reasonable classifications, rates and charges collected by public service corporations. Additionally, the ACC must adopt reasonable rules, regulations and orders governing the transaction of business by public service corporations.

Generally, *public service corporations* include corporations engaged in furnishing gas, oil or electricity for light, fuel or power or in furnishing water for irrigation, fire protection or other public purposes ([Ariz. Const. art. XV, § 2](#)).

In 2006, the ACC approved the Renewable Energy Standard and Tariff (REST) which requires regulated electric utilities to generate 15 percent of their energy from renewable resources by 2025. Utility companies must file annual implementation plans showing compliance with the REST rules, including incentives offered for customers who install solar energy technologies for their homes and businesses ([A.A.C. R14-2-1804](#)). *Renewable energy resources* include biogas, biomass, geothermal, solar and wind technologies ([A.A.C. R14-2-1802](#)).

Distributed renewable energy resources are technologies located at a customer's premises that displace conventional energy resources that would otherwise be used to provide electricity to Arizona customers. They include biogas electricity generators, biomass thermal systems, solar devices, combined heat and power systems and wind generators of 1 MW or less ([A.A.C. R14-2-1802](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Defines *Affected Utility* as a public service corporation serving retail electric load in Arizona and excludes member-owned nonprofit cooperative corporations.
2. Establishes a minimum annual renewable energy requirement for each Affected Utility, based on a percentage of retail electricity sold, beginning in 2020, as follows:

2020	not less than 12%
2021	not less than 14%
2022	not less than 16%
2023	not less than 20%
2024	not less than 24%
2025	not less than 28%
2026	not less than 32%
2027	not less than 36%
2028	not less than 40%
2029	not less than 45%
2030 and each subsequent year	not less than 50%

3. Establishes a minimum annual *distributed* renewable energy requirement for each Affected Utility, based on a percentage of retail electricity sold, beginning in 2020, as follows:

2020	not less than 3%
2021	not less than 3.5%
2022	not less than 4%
2023	not less than 4.5%
2024	not less than 5%
2025	not less than 5.5%
2026	not less than 6%
2027	not less than 7%
2028	not less than 8%
2029	not less than 9%
2030 and each subsequent year	not less than 10%

4. Outlines the sources of electricity that are considered *eligible renewable energy resources*.
5. Requires the use of renewable energy credits to meet renewable energy requirements, provides a formula to calculate credits and establishes conditions for their use.

ACC Responsibilities

6. Requires the ACC, within 90 days of the effective date, to determine whether to implement the outlined renewable energy requirements, based on specified criteria.
7. Prohibits the ACC from implementing the outlined renewable energy requirements if the ACC finds that a cumulative effect of the requirements would adversely affect any of the following:
 - a) the affordability or cost of monthly electric bills paid by customers of Affected Utilities;
 - b) the reliability of the electrical grid and the delivery of electric services to customers; or
 - c) the well-being of this state.
8. Allows the ACC to consider one or more alternatives to alleviate adverse effects caused by the renewable energy requirements.
9. Requires the ACC to modify or adopt regulations to implement the provisions of this measure.

Miscellaneous

10. Defines terms.
11. Includes a severability clause.
12. Requires the Secretary of State to submit the proposition to the voters at the next general election.
13. Becomes effective if approved by the voters and on proclamation of the Governor.

Amendments Adopted by Committee

- Adopted the strike-everything amendment.

Amendments Adopted by Committee of the Whole

- Modified the definition of *Affected Utility* to exclude electric cooperatives.

Senate Action

NREW	3/21/18	W/D	
APPROP	3/27/18	DPA	6-4-0

Prepared by Senate Research
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KK/lb